



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Adopt Resolution Supporting the Continuous Operation of the Defense Distribution Center San Joaquin

MEETING DATE: April 7, 2004

PREPARED BY: Community Development Director

RECOMMENDED ACTION: Adopt the attached Resolution.

BACKGROUND INFORMATION: The San Joaquin Council of Governments (SJCOG) has requested that the cities within the County adopt a Resolution supporting the continuous operation of Defense Distribution Center San Joaquin (DDJC).

The DDJC is part of the Defense Department's nationwide military requisition and parts facilities. The two sites in San Joaquin County are being considered as part of a consolidation and closure plan that will be introduced to the President as early as 2005. The SJCOG staff report does a good job in outlining the negative impacts to the County should DDJC be one of the facilities closed. Obviously, we would feel some of that negative impact; therefore, we have included a Resolution calling for the City Council's support of the facility.

FUNDING: NA

A handwritten signature in black ink, appearing to read "Konradt Bartlam".

Konradt Bartlam
Community Development Director

KB/lw

Attachments

APPROVED:

A handwritten signature in black ink, appearing to read "H. Dixon Flynn".

H. Dixon Flynn, City Manager



**RESOLUTION
SAN JOAQUIN COUNCIL OF GOVERNMENTS**

R-04-24

**RESOLUTION SUPPORTING THE CONTINUOUS OPERATION OF DEFENSE
DISTRIBUTION CENTER SAN JOAQUIN**

WHEREAS, the San Joaquin Council of Governments (SJCOG) is a Metropolitan Planning Organization (MPO), pursuant to State and Federal designation; and

WHEREAS, SJCOG's mission is to "advocate for regional and interregional issues"; and

WHEREAS, the Defense Distribution Center San Joaquin (DDJC) with installations and facilities in Tracy and Lathrop has been an integral part of this region's well-being by contributing \$178 million annually to the local economy, leasing spaces for various agencies and organizations, and providing employment opportunities to more than 2,500 local residents; and

WHEREAS, closures of both, or either of DDJC's two sites would create significant adverse impacts to the local economy and the communities well-being, with a possible loss of local sales and employment.

NOW, THEREFORE, BE IT RESOLVED, that SJCOG supports the continuous operation of Defense Distribution Center San Joaquin; and

BE IT FURTHER RESOLVED, that SJCOG calls for support from the California State Senate: Senator Michael J. Machado and Senator Charles Poochigian; and

BE IT FURTHER RESOLVED, that SJCOG calls for support from the California State Assembly: State Assemblymember Greg Aghazarian, State Assemblymember Guy Houston, State Assemblymember Barbara S. Matthews, and State Assemblymember Alan Nakanishi; and

BE IT FURTHER RESOLVED, that SJCOG calls for support from Governor Arnold Schwarzenegger; and

BE IT FURTHER RESOLVED, that SJCOG calls for support from the U.S. Senate: Senator Barbara Boxer and Senator Dianne Feinstein; and,

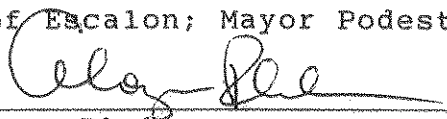
BE IT FURTHER RESOLVED, that SJCOG calls for support from the U.S. House of Representatives: Representative Dennis Cardoza and Representative Richard Pombo.

PASSED AND ADOPTED this 26th day of February 2004, by the following vote of the Board of the San Joaquin Council of Governments, to wit:

AYES: Mayor Bilbrey, City of Tracy; Councilman Giovanetti, City of Stockton; Councilman Harris, City of Manteca; Councilmember Howard, City of Lodi; Supervisor Mow, San Joaquin County; Councilman Restuccia, City of Ripon; Supervisor Sieglock, San Joaquin County; Mayor Rhodes, City of Lathrop

NOES: None

ABSENT: Councilman Haskin, City of Escalon; Mayor Podesto, City of Stockton



Gloryanna Rhodes
Chair

STAFF REPORT

SUBJECT: Support Defense Distribution Center San Joaquin's Continuous Operation

RECOMMENDED ACTION: Motion to adopt Resolution R-04-24 Supporting the Continuous Operation of the Defense Distribution Center San Joaquin

DISCUSSION:

Background:

Defense Distribution Center San Joaquin (DDJC) currently have two sites, one in Lathrop and another one in Tracy. These sites are managed by the Defense Logistics Agency (DLA) under the U.S. Department of Defense. In early 1999, DLA announced its reconfiguration of DDJC by transferring approximately 700 of Lathrop site's 800 employees to the Tracy site by late 2000. These sites, along with 20 other sites nationwide, are responsible for the majority of all U.S. military requisitions and repair parts. DLA is considering a consolidation and closure plan, and will probably introduce a list of proposed closures to the President as early as 2005. DDJC's Lathrop site is possibly one of the closures being considered, though all of the sites in the nation will be evaluated.

Closure's Negative Impacts on Local Communities:

The closure of DDJC certainly will be adverse to the well-being of local communities. DDJC contributes \$178 million annually to the local economy, based on DDJC's statistics. These two DDJC sites currently employ approximately 1,525 people, mostly local civilians. In addition, DDJC also leases its space to other agencies and organization. There are approximately 1,000 employees working for these agencies and organizations in addition to DDJC's own employees.

Based on SJCOG's analysis, an average San Joaquin resident would generate \$14,816 taxable sales annually.¹ Therefore, 2,525 local residents' continued employment would translate into \$37.4 million local taxable sales annually. Loss of jobs would create ripple effects to those businesses that are currently serving DDJC and its employees. Thus, a closure does not only mean short-term loss of employment, but it could also create a significant hardship for local businesses that DDJC and its employees currently sustain.

¹ Based on the CA Board of Equalization data, the 15-year average taxable sales to personal income ratio for San Joaquin residents in 1999 is 44.56%. CA Department of Housing and Community Development statistics indicate that a one-person household in San Joaquin received a median income of \$33,250 in 2001, thus such person would generate an average of \$14,816 taxable sales annually.

An examination of the transfer of 700 employees out of DDJC's Lathrop site in 1999 can further demonstrate the extent of a closure's possible adverse effects to a local economy. Despite the fact that many cities in San Joaquin have experienced an increase in business establishments and employment from 1999 to 2000, Lathrop has actually suffered a decline for both measures. The number of business establishments and employment declined 6% and 5% respectively the year after the transfer, based on the data from the U.S. Census Bureau. In addition, the data from CA Board of Equalization indicate that taxable sales in Lathrop has a very moderate growth of 10% between 1999 and 2000, significantly lower than the neighboring cities of Manteca (+16%) and Stockton (+14%). Even though these indicators of slow local economy cannot be entirely attributed to the Lathrop area's loss of 700 jobs because of the transfer, it is certain that the loss of these jobs and the associated economic ripple effects have created unfavorable local economic conditions for a faster local economic growth.

Aside from the negative economic impacts, the distress of employment uncertainty for a large number of DDJC employee families would also cast negative impacts on local communities' cohesion. The social problems associated with the closure would be difficult to assessed, but such problems are usually grave and long-term.

Recommendations:

The Defense Distribution Center San Joaquin has been an integral part of the region's economy and community well-being. San Joaquin County has already lost about 2,000 jobs due to the closure of the Rough and Ready Island naval base in the early 1990s. Additional closure of any DDJC sites will certainly create further hardship, both economically and socially, to local communities. Therefore, SJCOG staff recommends the Board to adopt the resolution of supporting the continuous operation of the Defense Distribution Center San Joaquin.

In addition, staff also recommends the Board to authorize the Executive Director of SJCOG to solicit support from local jurisdictions, legislators and interested parties to support the continuous operation of the Defense Distribution Center San Joaquin.

RESOLUTION NO. 2004-61

A RESOLUTION OF THE LODI CITY COUNCIL
SUPPORTING THE CONTINUOUS OPERATION OF
DEFENSE DISTRIBUTION CENTER OF
SAN JOAQUIN

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WHEREAS, the San Joaquin Council of Governments (SJCOG) is a Metropolitan Planning Organization (MPO), pursuant to State and Federal designation; and

WHEREAS, SJCOG's mission is to "advocate for regional and interregional issues"; and

WHEREAS, the Defense Distribution Center San Joaquin (DDJC) with installations and facilities in Tracy and Lathrop has been an integral part of this region's well-being by contributing \$178 million annually to the local economy, leasing spaces for various agencies and organizations, and providing employment opportunities to more than 2,500 local residents; and

WHEREAS, closures of both, or either, of DDJC's two sites would create significant adverse impacts to the local economy and the communities' well-being, with a possible loss of local sales and employment.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby supports the continuous operation of DDJC; and

BE IT FURTHER RESOLVED that the City of Lodi calls for support from the California State Senate: Senator Michael J. Machado and Senator Charles Poochigian; and

BE IT FURTHER RESOLVED that the City of Lodi calls for support from the California State Assembly: State Assemblymember Greg Aghazarian, State Assemblymember Guy Houston, State Assemblymember Barbara S. Matthews, and State Assemblymember Alan Nakanishi; and

BE IT FURTHER RESOLVED that the City of Lodi calls for support from Governor Arnold Schwarzenegger; and

BE IT FURTHER RESOLVED that the City of Lodi calls for support from the U. S. Senate: Senator Barbara Boxer and Senator Dianne Feinstein; and

BE IT FURTHER RESOLVED that the City of Lodi calls for support from the U. S. House of Representatives: Representative Dennis Cardoza and Representative Richard Pombo.

Dated: April 7, 2004

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I hereby certify that Resolution No. 2004-61 was passed and adopted by the City Council of the City of Lodi in a regular meeting held April 7, 2004, by the following vote:

AYES: COUNCIL MEMBERS – Beckman, Hitchcock, Howard, Land, and Mayor Hansen

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None

A handwritten signature in black ink, appearing to read "Susan J. Blackston", with a stylized flourish at the end.

SUSAN J. BLACKSTON
City Clerk